Department of the Navy Performance Management Coordinator

Presented by:
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SECNAV Office of Program Appraisal

Business Performance Office Training, May 2004

Overview

- ***Why Performance Measurements?***
- ***Performance Management Coordinator***
- ***BSC Framework***
- ***DoN Logic Trail***
- ***A Work in Progress***
- ***Reporting Requirements***
- ***Summary***

Why Performance Measures?

- DoN is a hybrid organization with complex operational and policy elements
- In general, lack of autonomy and accountability limits responsiveness

Need for multiple Levels Metrics

Why Performance Measures?

- Metrics can serve multiple functions
  - Drive problem solving behavior
  - Show effects of policy and resource decisions
- Help answer critical questions
  - Are systems performing as expected?
  - Are initiatives changing performance?
- Organized to lead to deeper understanding

Why Performance Measures?

- Improve effectiveness and accountability
- Improve decision making
- Improve internal management
- Hold components accountable for goals
- Focus on results

Create high-performance organizations that accomplish the mission

Why Performance Measures?

"[D]efense industries and field activities should use the Balanced Scorecard concept (BSC)/Risk Management Framework…as the guiding principles for structuring their performance plans."

"The specific [BSC] adopted by each agency/activity will…serve as the centerpiece of that organization's performance plan."

Director PA&E Memo, "Implementing Instructions for FY2004 Defense Agency Performance Plan,"

August 22, 2003

Why Performance Measures?

"Traditionally, DOD has focused on justifying its need for more funding rather than on the ***outcomes*** its programs have produced."

"Lack of clear, linked goals and performance measures handicapped DOD's past reform efforts. As a result, DOD managers lacked the straightforward roadmaps showing how their work contributed to attaining the department's strategic goals."

U.S. Comptroller GAO-04-551 Testimony,

March 23, 2004

Why Performance Measures?

"Programs that cannot defend themselves with performance information …will not survive."

U.S. Office of Management and Budget

Why Performance Measures?

- President's Management Agenda (2001)
  - 14 initiatives
  - Display linkage of plans-outputs-resources
- MIDs 901(BSC), 910(BPI), 913(PPBE)
  - Aligns PMA with PM/QDR risk framework
  - Associates PM with resources(FY07); OMB A-11
  - Strategically link major decisions to program and budget development
- GPRA 1993
  - Mandated plan for goals and objectives

Why Performance Measures?

DoN Objective # 9

Develop an enterprise-wide system of performance measures fed by Echelon II level metrics that enables effective DoN management and provides linkage to the QDR risk areas and the President's Management Agenda.

"What we don't measure we won't achieve"

Gordon England, Secretary of the Navy

Why Performance Measures?

Responsibility for OBJECTIVE 9

Office of Program Appraisal lead. ASNs, CNO, and CMC have responsibility for developing measures of effectiveness for Echelon II commands and for consolidating metrics into products to enable effective DoN leadership actions. The Office of Program Appraisal, working with ASN (M&RA), is responsible for linking DoN Force Management measures to the QDR/PMA.

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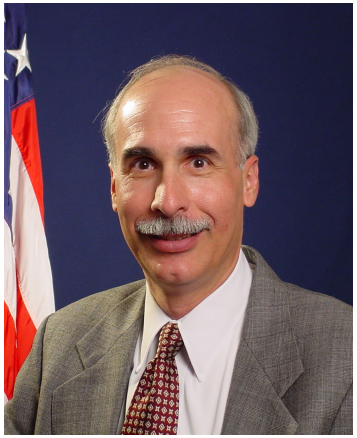
Performance Management Coordinator

- A Senior Executive or Flag-level
- DoN Lead on Performance Measures
- Develop performance plans and BSC
  - That reflects the OSD quadrants
  - That reflects the performance objectives
  - To align and support outcomes of next higher
- Linking measures to PMA/QDR

Performance Management Coordinator



Mr. Tom Tesch

- The Secretary of the Navy
  - Chief of Legislative Affairs
  - Chief of Information
  - Judge Advocate General
  - Chief Information Officer
  - SECNAV Front Office
  - General Counsel
  - Office of Program Appraisal (OPA)
  - The Undersecretary of the Navy
    - Naval Inspector General
    - Director, NCIS
    - Auditor General
    - Assistant Secretary of the Navy (Research, Acqu. & Dev.)
    - Assistant Secretary of the Navy (Installations & Environment)
    - Assistant Secretary of the Navy (Financial Mgmt. & Comptr.)
    - Assistant Secretary of the Navy (Manpower & Reserve Affairs)
  - Chief of Naval Operations
  - Commandant of the Marine

Performance Management Coordinator

Mr. Tom Tesch - Reports to SecNav

Responsibilities

- Align and coordinate vision, ideas, and themes across the DON.
- Serve as a focal point for DON business initiatives.
- Function as the DON Performance Management Coordinator.
- Serve as SECNAV's liaison to OSD forums as assigned.
- Provide quick-look coordinated analysis and assessments to ensure SECNAV has accurate and objective information to make decisions.
- Perform/coordinate special studies, as assigned by SECNAV.
- Integrate the views of the Service staffs for strategic documents such as the *Strategic Planning Guidance*, *Naval Transformation Roadmap*, *Quadrennial Defense Reviews*, *Annual Defense Report*, etc.

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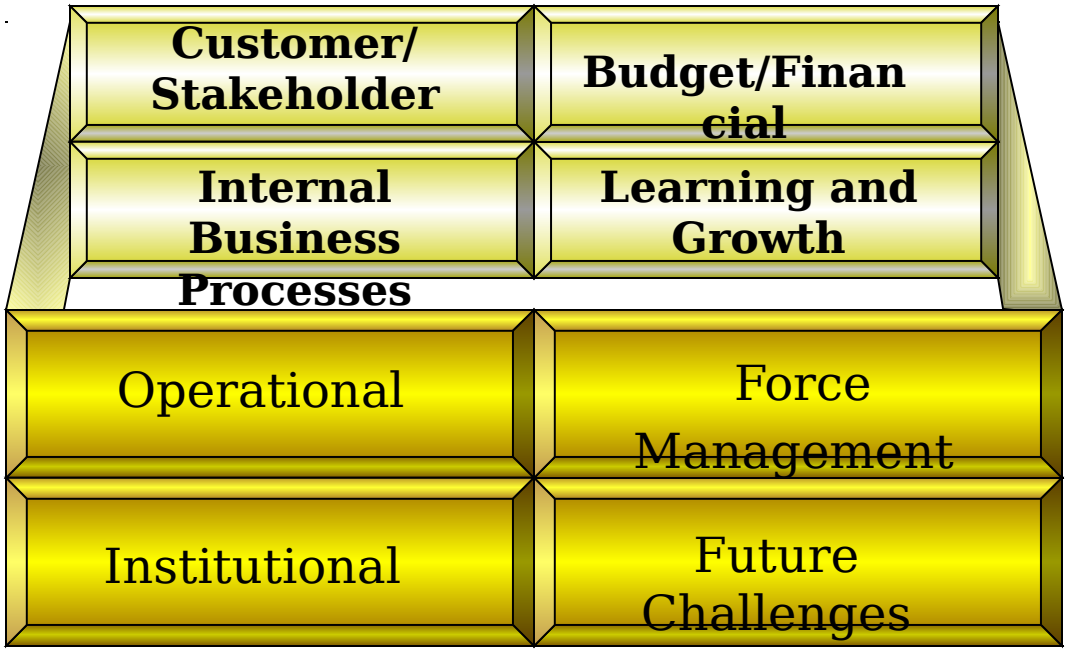
BSC Framework

A Performance Measurement System

- Goes beyond traditional financial measures
- Disciplined, explicit linking of perspectives to organizational vision and strategy
- Integrates the strategic and operational, systems and people, financial and non-financial
- Basic principles:
  - Doing the right thing
  - Do things right
  - Continuous improvement

BSC Framework

- **DOD "adaptation" of Kaplan and Norton**



Kaplan & Norton Balanced Scorecard

DOD Risk Quadrants

BSC Framework

- Not just the “flavor of the month..” (TQM, ABC, etc)
- Enterprise-wide policy and implementation
- Specifies cause-and-effect relationships
- Identifies performance drivers
- Provides linkages to financials
- Found in QDR, SPG, JPG, ADR

BSC Framework

USMC SPG Programmatic Compliance

Operational Risk
GWOT #1 Priority
Joint Capabilities
Intelligence
Stability Operations
Traditional Dominance
CBRN Installation Protection

Future Challenges
Net-Centric
Joint Interoperability
Legacy Systems
Training Ranges

Force Management Risk
Force Management/Availability
Military to Civilian Conversions
Reachback
Family Housing

Institutional Risk
Planning tools & processes
Headquarters Delayering
FSRM

BSC Framework

ADR Outcome Goals

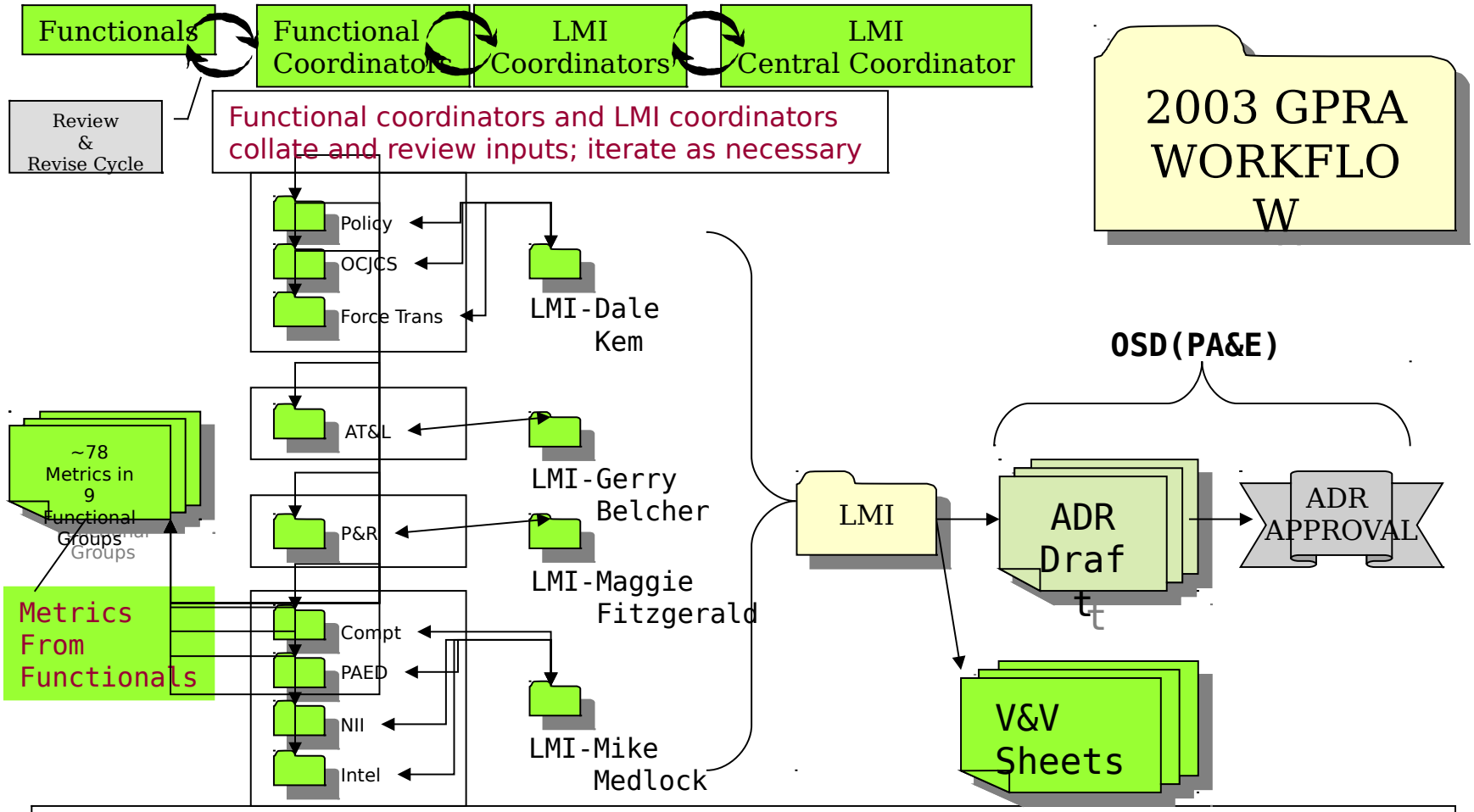
Force Management Risk
Ensure sustainable OpTempo
Maintain Workforce Satisfaction
Shape the Future Force
Maintain Quality Workforce
Maintain Reasonable Costs

Operational Risk
Successful Plan and Strategy Execution
Are Forces Currently Ready?
Critical Needs, Systems, People, Sustainment, & Infrastructure
Do we have the Forces Available?

Future Challenges
Drive Joint Operations
Define Future Human Skills & Competencies
Define and Develop X-formation Capabilities
Develop More Effective Organizations

Institutional Risk
Realign Support to the Warfighter
Manage Overhead and Indirect Costs
Improve the Readiness and Quality of Key Facilities
Streamline Decision Process, Drive Financial Management, & Acquisition Excellence

BSC Framework



NOTE: Each functional coordinator will have a review folder with a separate folder or database from each functional containing metrics in the review cycle. Each LMI coordinator will have a review folder with a separate folder or database from each functional coordinator containing metrics in the review cycle. The LMI Central Coordinator will have a review folder with a separate folder or database from each LMI Coordinator containing metrics in the review cycle.

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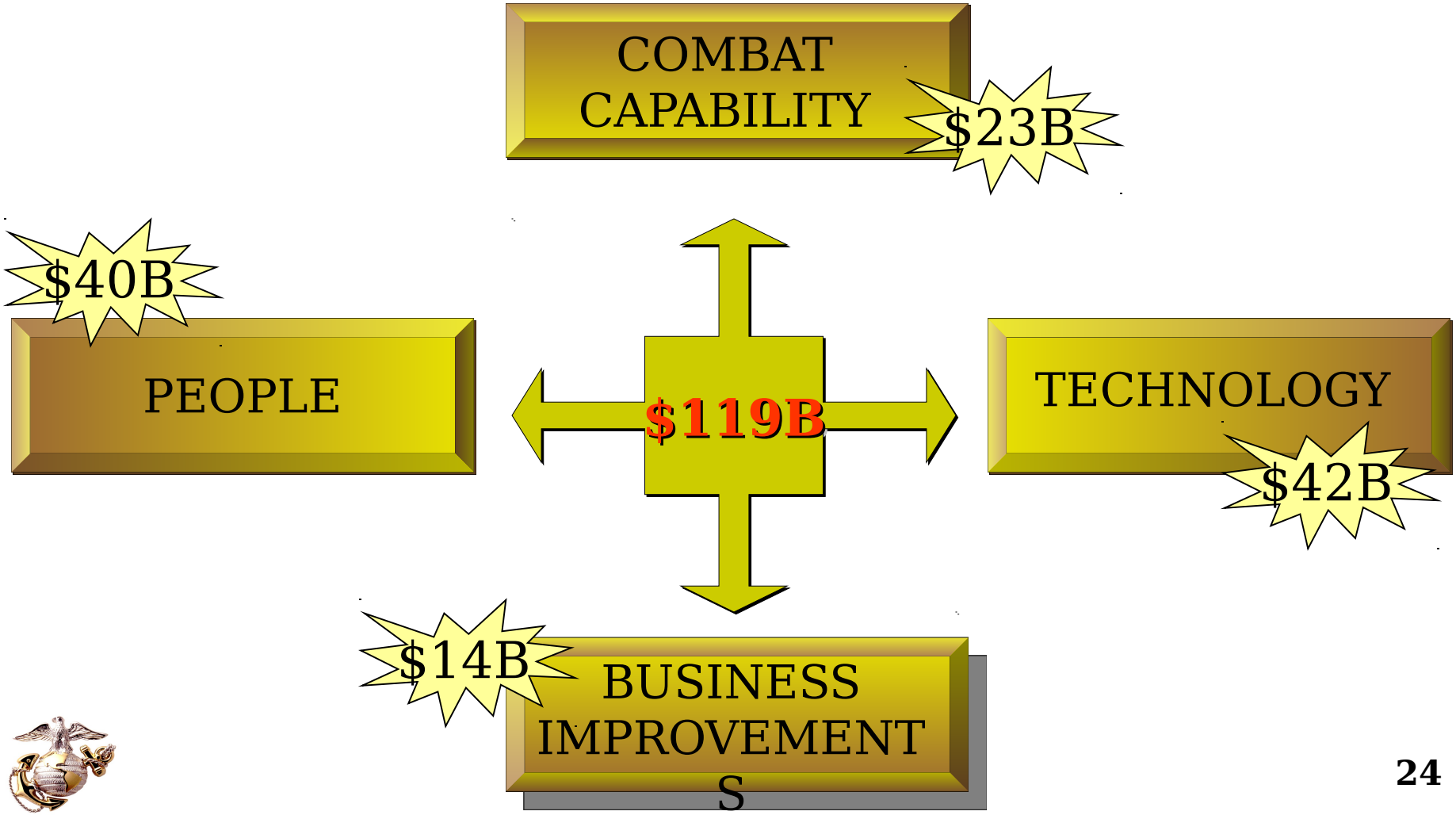
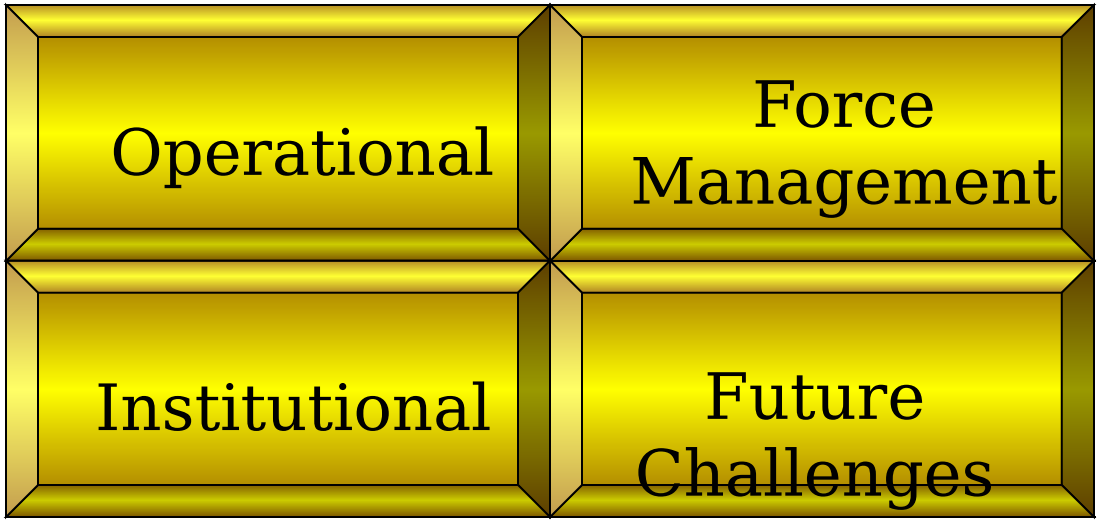
DoN Logic Trail

SECNAV Focus Areas



DoN Logic Trail

Risk Quadrants



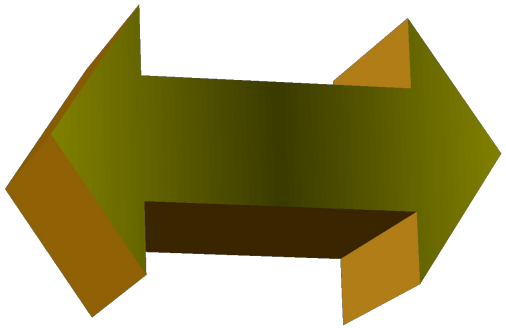
DoN Logic Trail

COMBAT CAPABILITY

PEOPLE

TECHNOLOGY INSERTION

BUSINESS IMPROVEMENTS



OPERATIONAL

FORCE MANAGEMENT

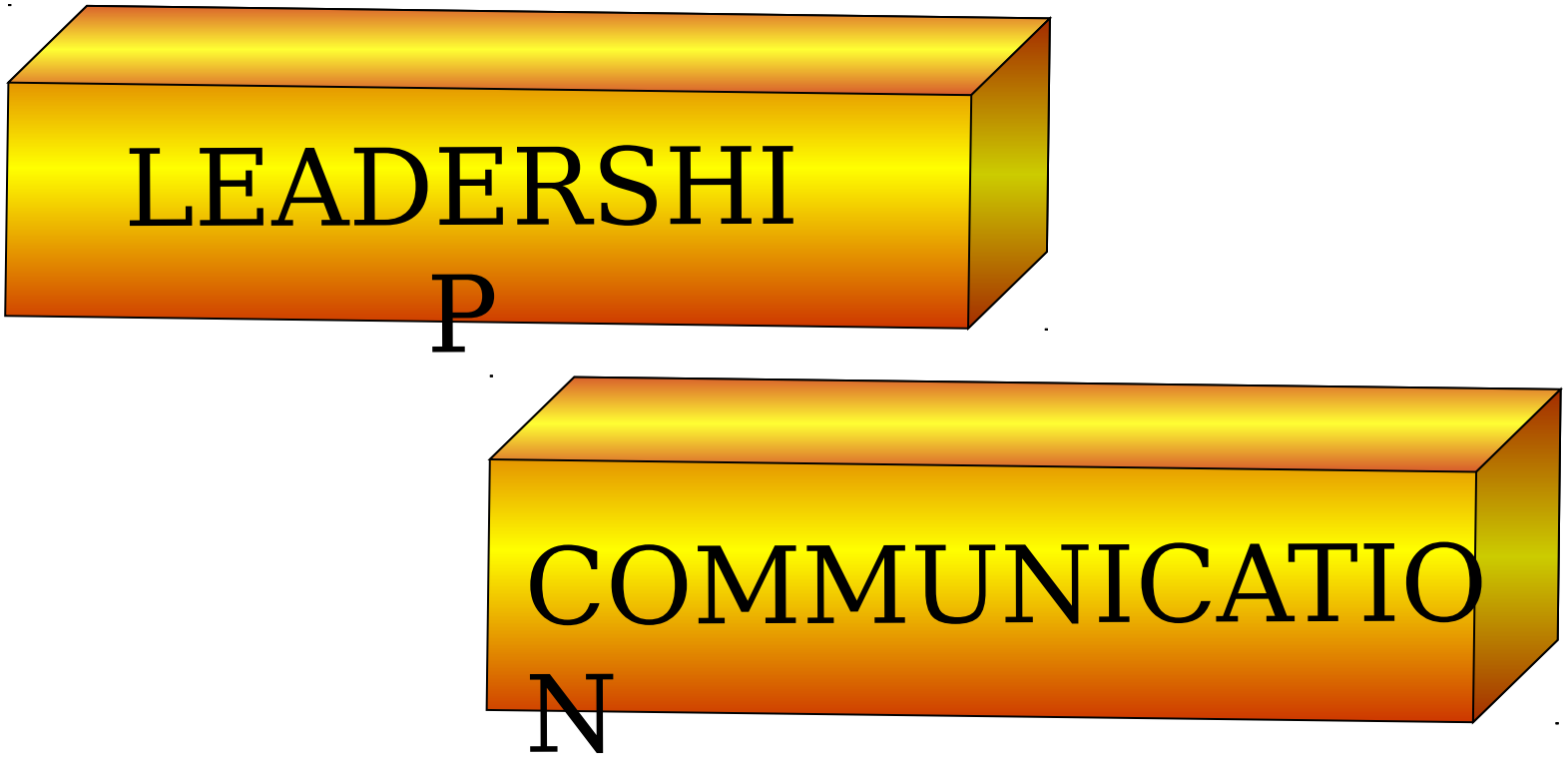
FUTURE CHALLENGES

INSTITUTIONAL

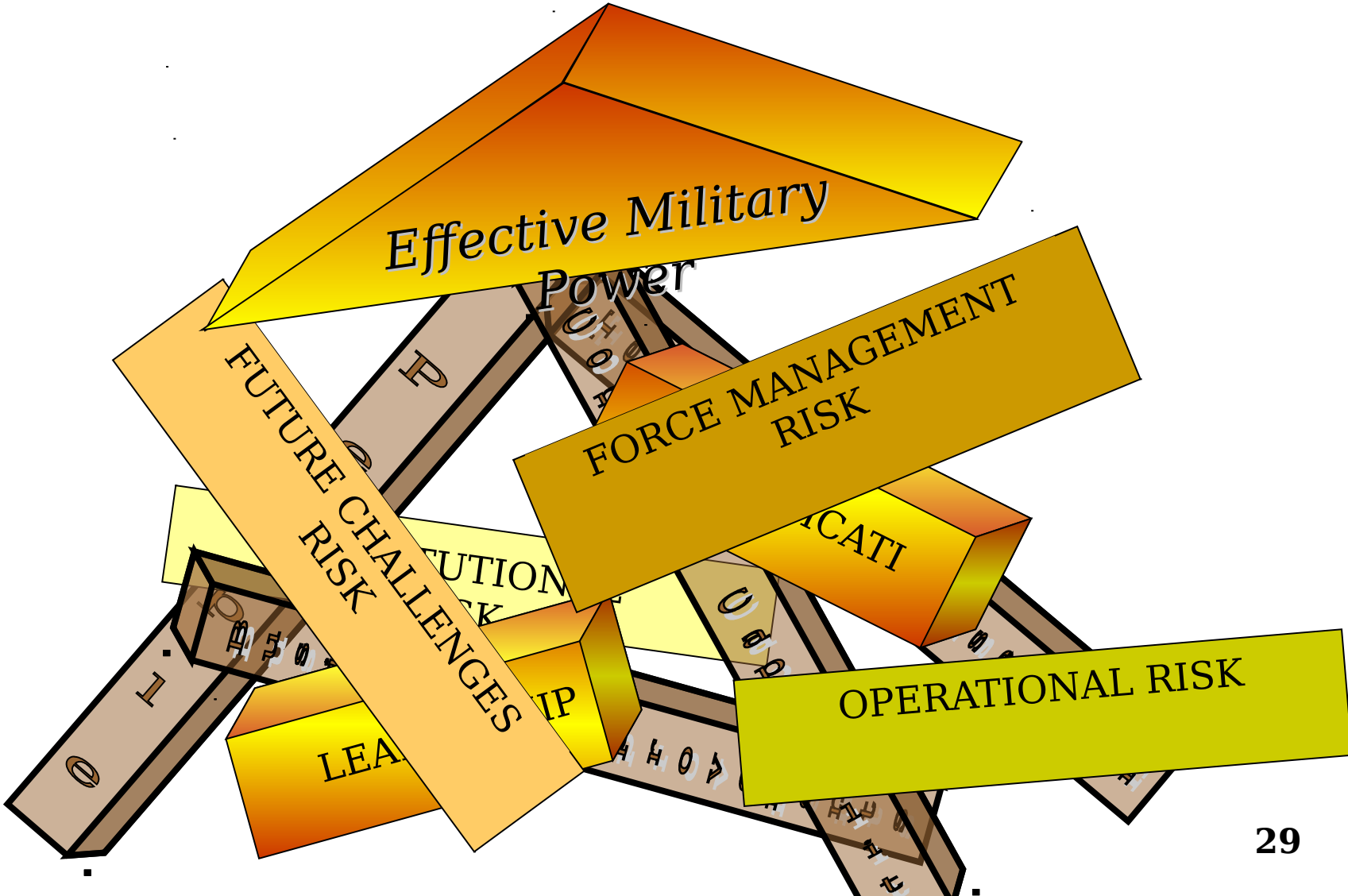
DoN Logic Trail

OUTCOME

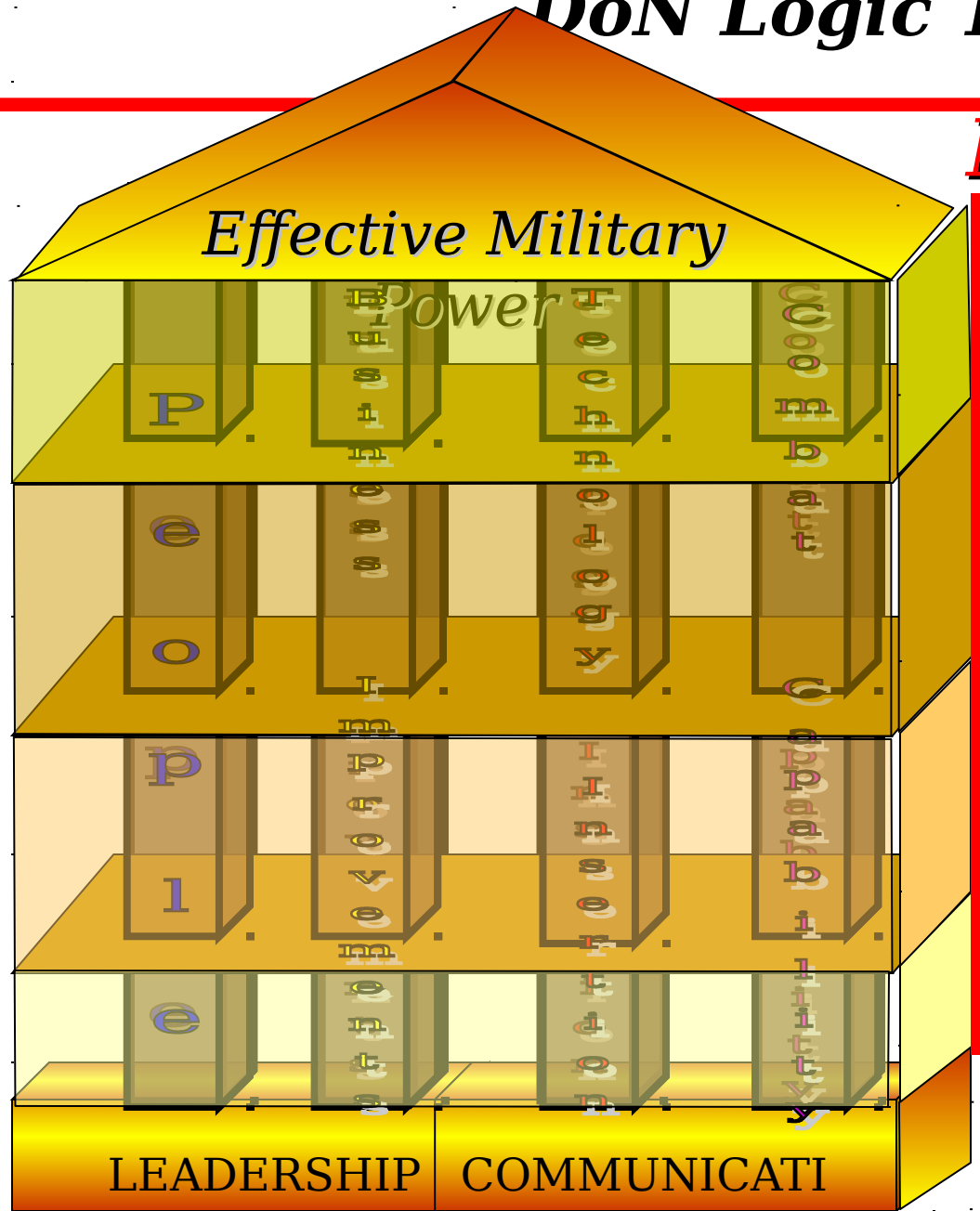
DoN Logic Trail



DoN Logic Trail



DoN Logic Trail



Managing…

- OPERATIONAL RISK
- FORCE MANAGEMENT RISK
- FUTURE CHALLENGES RISK
- INSTITUTIONAL RISK

DoN Logic Trail

Guiding Documents

Naval Transformation Roadmap

NOC for Joint Operations

Naval Power 21

Expeditionary Maneuver Warfare

Marine Corps Strategy 21

CNO Guidance 2004

Sea Power 21

DoN Logic Trail

OMB A-11
Part 6

DoN Logic Trail

Definitions

Mission:	***What we are about***
Vision:	***What we want to be in the future***
Core Values:	***The foundational, essential, and enduring principles***
Goals:	***What we want to achieve by a certain time***
Strategy:	***How we intend to accomplish our vision and goals; our approach or game plan***
Objectives:	***Strategy components; action items that must be done***
Strat. Map:	***Cause-Effect relationships among strategy components***
Outputs:	***What is produced***
Measures:	***Indicators (lagging) or predictors (lagging) of success***
Target:	***Desired level performance for a performance measure***
Initiatives:	***Action programs that will achieve the performance goals***

DoN Logic Trail

MISSION

VISION

CORE VALUES

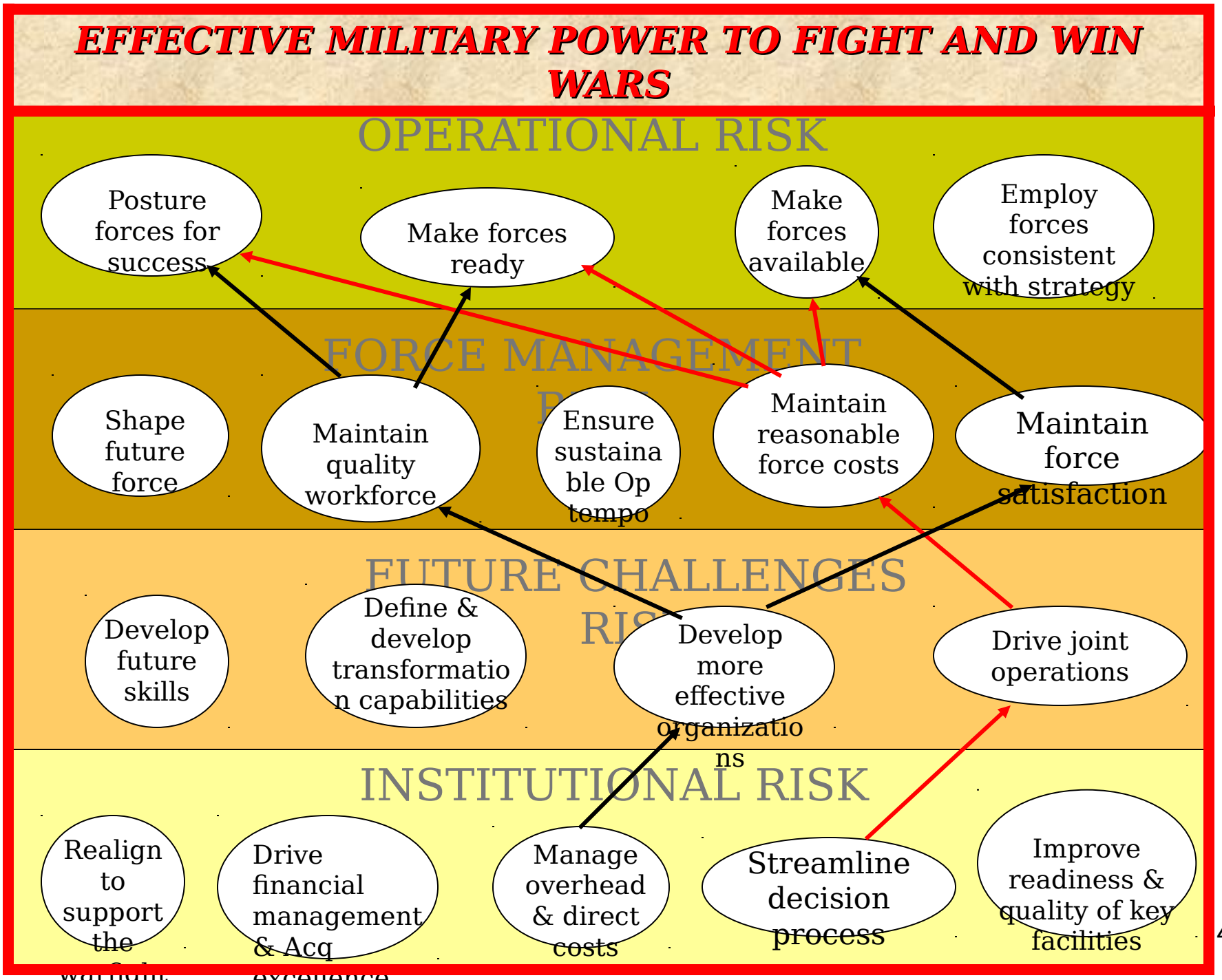
GOALS

STRATEGY

OBJECTIVES

STRATEGY MAP

EFFECTIVE MILITARY POWER TO FIGHT AND WIN WARS



EFFECTIVE MILITARY POWER TO FIGHT AND WIN WARS

Initiatives

OPERATIONAL RISK

Sea Basi

FRP

Sea Shield

Sea Strike

SOA

OMFTS

Expeditiona ry Maneuver Warfare

FORCE MANAGEMENT RISK

Sea Warrior

Sea Swap

FUTURE CHALLENGES RISK

A/C Procurement Plan

Sea Trial

Revised Shipbuilding Plan

MCEFDS

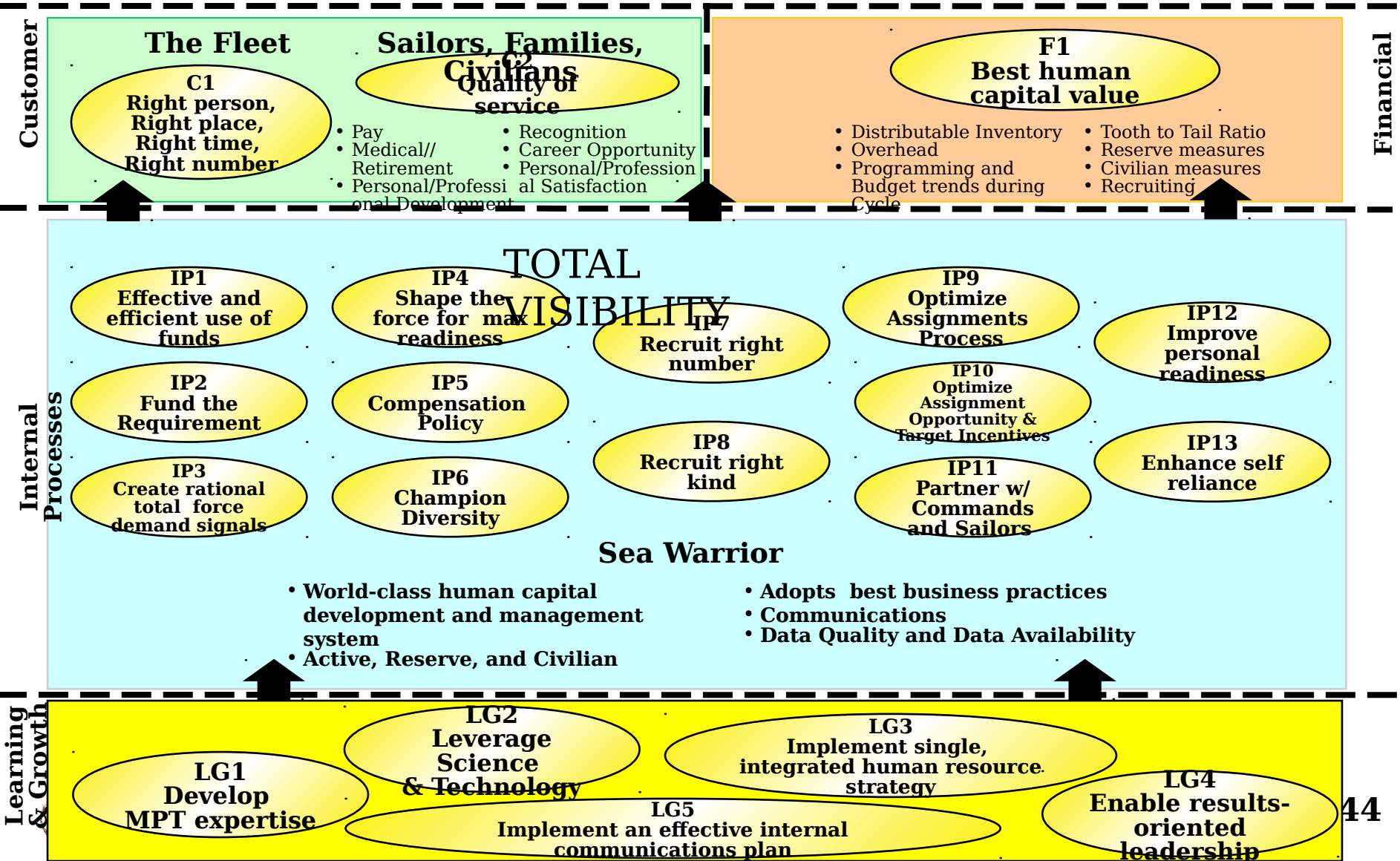
INSTITUTIONAL RISK

Sea Enterprise

Marine Corps Business Enterprise

Navy HR Strategy:

Mission First…Sailors Always



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A Work In Progress

- OSD
  - PA&E (e-Room)
- DoN
  - PMC outreach
- USN & USMC
  - Echelon II
  - Sea Enterprise and Marine Corps Business Enterprise
- Components & Organizations

A Work In Progress

- DoN Performance Management effort complies with:
  - President's Management Agenda
  - Government Performance Results Act
  - DoD Balanced Scorecard
  - MIDs 901/901/913
- SECNAV Statutory Report (ADR) links DoN performance measures to DoD/OMB goals.
- A good news story

A Work In Progress

NAVAL POWER 21

- “To become an enterprise that is both effective and efficient, the Department of the Navy will optimize resources at every level of the chain of command. We will rapidly implement business initiatives that can free resources for investment in warfighting capabilities.”

A Work In Progress

COMMANDANT OF THE MARINE CORPS

- "The Secretary of Defense and Secretary of The Navy have emphasized, and the Marine Corps is committed to, business transformation in order to optimize resource allocation…The Marine Corps will continue to refine our business practices and increase the effectiveness of warfighting potential."

  General M.W. Hagee, USMC

A Work In Progress

CHIEF OF NAVAL OPERATIONS

- “We must improve our use of modeling, develop and improve output metrics to better define our requirements and resource needs, and instill a culture of improved productivity in everything we do.”

  Admiral V. Clark, USN

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Reporting Requirements

- PMA
  - Quarterly to USD(P&R)
  - Consolidated by ASNs
- Performance & Accountability Report
  - Annually to PA&E
- Annual Defense Report
  - Annual to SECDEF ExecSec
- Status of Forces BSC
  - Quarterly to USD(P&R)

Summary

- “What we don’t measure we won’t achieve..”
- Creating high-performance organizations
- BSC- Method of developing and managing performance
- Enterprise “architecture” for measurements
- Logic trail leading to Strategy Mapping
- Managing risk…Enterprise-wide

“NOT EVERYTHING THAT CAN BE COUNTED COUNTS, AND NOT EVERYTHING THAT COUNTS CAN BE COUNTED.”

Albert Einstein

QUESTIONS?